

ARTICLE 71-06

RETIREE HEALTH INSURANCE CREDIT

Chapter	
71-06-01	Retiree Health Insurance Credit

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Section	
71-06-01-01	Eligibility for Retiree Health Insurance Credit Applied to Premiums for Annuitants and Surviving Spouses Under the North Dakota Public Employees Retirement System, the North Dakota Highway Patrolmen's Retirement System, the Retired Judges Under North Dakota Century Code Chapter 27-17, Annuitants of the Job Service Retirement Program, and Former Participating Members of the Defined Contribution Retirement Plan Receiving Periodic Distributions
71-06-01-02	Calculation of Retiree Health Insurance Credit
71-06-01-03	For Individuals Receiving More Than One Benefit Entitled to Retiree Health Insurance Credit
71-06-01-04	Employer Paid Health Premiums [Repealed]
71-06-01-05	Member Contributions
71-06-01-06	Erroneous Crediting of the Retiree Health Insurance Credit
71-06-01-06.1	Retroactive Payment of the Retiree Health Insurance Credit
71-06-01-07	Optional Benefits
71-06-01-08	Vesting in Retiree Health Credit for Members of the Defined Contribution Retirement Plan

71-06-01-01. Eligibility for retiree health insurance credit applied to premiums for annuitants and surviving spouses under the North Dakota public employees retirement system, the North Dakota highway patrolmen's retirement system, the retired judges under North Dakota Century Code chapter 27-17, annuitants of the job service retirement program, and former participating members of the defined contribution retirement plan receiving periodic distributions. All receiving members of the public employees retirement system, highway patrolmen's retirement system, judges retirement system, retired judges under North Dakota Century Code chapter 27-17, and annuitants of the job service retirement program will be eligible for retiree health credit applied to premiums that satisfy the enrollment requirements of section 71-03-03-05, with the exception of those receiving members who are receiving their benefit based on prior service credits rather than the defined benefits program. Vested members deferring benefits will not be eligible until payment of benefits commences. A former participating member of the defined contribution retirement plan is similarly eligible for retiree health credit applied to premiums that satisfy the enrollment requirements of section 71-03-03-05, if the former participating member would qualify for one of the retirement dates set forth in subsection 3 of North Dakota

Century Code section 54-52-17 if that former participating member was a member of the defined benefit retirement plan.

History: Effective April 1, 1992; amended effective June 1, 1996; July 1, 2000.

General Authority: NDCC 54-52.1-03.2(b)

Law Implemented: NDCC 54-52.1-03.3

71-06-01-02. Calculation of retiree health insurance credit. Retiree health insurance credit will be calculated on actual years and months of service, identical to retirement benefits under North Dakota Century Code chapter 54-52.

1. Retiree health insurance credit will be subject to reduction factors in the event of early retirement.

For annuitants of the public employees retirement system defined benefit plan and North Dakota public employees retirement system judges, and for members of the defined contribution retirement plan, excluding national guard retirees, who take a periodic distribution:

<u>Age at Retirement</u>	<u>Reduction Factor</u>	<u>Age at Retirement</u>	<u>Reduction Factor</u>
64 to 65	3%	59 to 60	33%
63 to 64	9%	58 to 59	39%
62 to 63	15%	57 to 58	45%
61 to 62	21%	56 to 57	51%
60 to 61	27%	55 to 56	57%

For annuitants of the job service retirement program: This includes those who retired under a discontinued service annuity but does not include those who retired at a normal or optional date.

<u>Age at Retirement</u>	<u>Reduction Factor</u>	<u>Age at Retirement</u>	<u>Reduction Factor</u>	<u>Age at Retirement</u>	<u>Reduction Factor</u>
64 to 65	3%	59 to 60	33%	54 to 55	63%
63 to 64	9%	58 to 59	39%	53 to 54	69%
62 to 63	15%	57 to 58	45%	52 to 53	75%
61 to 62	21%	56 to 57	51%	51 to 52	81%
60 to 61	27%	55 to 56	57%	50 to 51	87%

For annuitants of the highway patrol fund and national guard security police and firefighters and national guard security police and firefighters who transferred to the defined contribution retirement plan:

<u>Age at Retirement</u>	<u>Reduction Factor</u>
54 to 55	3%
53 to 54	9%
52 to 53	15%
51 to 52	21%
50 to 51	27%

2. Disabled annuitants receiving benefits under subdivision e of subsection 3 of North Dakota Century Code section 54-52-17, subdivision d of subsection 3 of North Dakota Century Code section 39-03.1-11, North Dakota Century Code section 52-11-01, or section 71-02-05-05 will be eligible for full retiree health insurance credit benefits. No age reduction factor will be applied.
3. A surviving spouse eligible to receive benefits under subdivisions b and c of subsection 6 of North Dakota Century Code section 54-52-17, subdivisions b and c of subsection 6 of North Dakota Century Code section 39-03.1-11, or North Dakota Century Code section 52-11-01 will receive retiree health insurance credit based on the deceased member's years of service without any age reduction applied.
4. A surviving spouse receiving benefits under the provisions of subdivision a or c of subsection 9 of North Dakota Century Code section 54-52-17; subdivisions a, b, and c of subsection 5 of North Dakota Century Code section 27-17-01; subsection 9 of North Dakota Century Code section 39-03.1-11; or North Dakota Century Code section 52-11-01 will receive retiree health insurance credit for the duration benefits are paid, based upon the original annuitant's retirement age.

History: Effective April 1, 1992; amended effective June 1, 1996; July 1, 2000.

General Authority: NDCC 54-52.1-03.2(b)

Law Implemented: NDCC 54-52.1-03.3

71-06-01-03. For individuals receiving more than one benefit entitled to retiree health insurance credit.

1. If an individual is receiving more than one benefit from the public employees retirement system, or other participating system; one as a surviving spouse, and the other based upon their own service credit, the higher of the two retiree health insurance credits will be applied toward the individual's uniform group health insurance premium. Under no circumstances will these two benefits be combined. If the

surviving spouse benefit is the larger of the two benefits, and is limited in duration, the individual will be eligible to utilize his or her own retiree health insurance credit upon cessation of surviving spouse benefits.

2. If an individual is receiving a public employees retirement system retirement benefit as a surviving spouse and is also an active contributor to either the public employees retirement system, the highway patrol retirement system, the judges retirement system, or the job service retirement program, the individual will not be eligible for retiree health insurance credit until one of the following events occurs:
 - a. The individual terminates employment, at which time they may receive the retiree health insurance credit as any other surviving spouse.
 - b. The individual retires and begins receiving a benefit through an eligible retirement system, at which time they may receive the greater of their own retiree health insurance credit or the credit available as a surviving spouse.
3. If the individual is employed by a political subdivision which does not participate in the public employees retirement system health plan, and is drawing a retirement benefit or a surviving spouse benefit, the individual may receive the retiree health insurance credit as any other annuitant based upon a retiree premium.
4. If a husband and wife are both participants of a retirement system that provides the retiree health insurance credit, and are both receiving a benefit, the retiree health insurance credit will be applied as follows:
 - a. If each individual takes a single health insurance plan under the uniform group health insurance program, each will have their respective retiree health insurance credit applied to their respective premiums.
 - b. If only one individual takes a family health plan under the uniform group health insurance program, only that individual will be able to utilize his or her retiree health insurance credit applied to the premium.
 - c. In no event will the retiree health insurance credits for both spouses be combined and applied to only one premium.
5. Persons with service credit in more than one of the participating systems may combine that credit for retiree health insurance purposes, using the

credit earned from the system the member contributed to most recently as primary.

History: Effective April 1, 1992; amended effective June 1, 1996; July 1, 1998.

General Authority: NDCC 54-52.1-03.2(b)

Law Implemented: NDCC 54-52.1-03.3

71-06-01-04. Employer paid health premiums. Repealed effective July 1, 1998.

71-06-01-05. Member contributions. Any member contribution received for purposes of retiree health insurance credit must be refunded without interest to any member who terminates employment and who receives a refund of retirement contributions.

History: Effective April 1, 1992; amended effective June 1, 1996.

General Authority: NDCC 54-52.1-03.2(b)

Law Implemented: NDCC 54-52.1-01(1)(c)

71-06-01-06. Erroneous crediting of the retiree health insurance credit. If an error occurs in granting retiree health insurance credit, the error shall be corrected the first of the month following discovery of the error in accordance with sections 71-02-04-10 and 71-02-04-11, except any underpayment of the retiree health insurance credit under this chapter must be returned to the uniform group insurance program where it will be treated as an overpayment of premium and paid in a lump sum within sixty days of the discovery of the error.

History: Effective June 1, 1996; amended effective April 1, 2002.

General Authority: NDCC 54-52.1-03.2, 54-52.1-03.3

Law Implemented: NDCC 54-52.1-03.2, 54-52.1-03.3

71-06-01-06.1. Retroactive payment of the retiree health insurance credit. Retroactive payments will be as reflected in chapters 71-02-04 and 71-02-05.

Retroactive payments will be made to the date the member was eligible for the disability benefits, in coordination with the first month the member was responsible for payment of the public employees retirement system group health insurance.

The date of eligibility for the retiree health insurance credit will be determined:

1. For a deceased, active member's surviving spouse, when the application for retirement benefits is received.

2. For a deceased retiree's surviving spouse, eligibility for the retiree health insurance credit is applied the first of the month following the member's date of death.

History: Effective May 1, 2004.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52.1-03.3

71-06-01-07. Optional benefits. A married member may elect to receive one of the following optional retiree health credit benefits in lieu of the retiree health insurance credit option provided in section 71-06-01-01:

1. **Fifty percent joint and survivor benefit.** A member shall receive an actuarially reduced retiree health insurance credit during the member's lifetime and after the member's death one-half the rate of the reduced benefit will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Benefits shall terminate in the month in which the death of the beneficiary occurs. If the member's spouse predeceases the member, the member's benefit must be returned to the standard option amount. The standard option amount must commence on the first day of the month following the spouse's death if a death certificate has been submitted.
2. **One hundred percent joint and survivor benefit.** A member shall receive an actuarially reduced retiree health insurance credit during the member's lifetime and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Benefits shall terminate in the month in which the death of the beneficiary occurs. If the member's spouse predeceases the member, the member's benefit must be returned to the standard option amount. The standard option amount shall commence on the first day of the month following the spouse's death providing written notification of the death and a death certificate has been submitted.

History: Effective July 1, 1998.

General Authority: NDCC 54-52.1-03.2(b)

Law Implemented: NDCC 54-52.1-03.3

71-06-01-08. Vesting in retiree health credit for members of the defined contribution retirement plan. Notwithstanding section 71-02-03-01.1, members of the defined contribution retirement plan vest in their retiree health credit in the same manner as members of the retirement program to which they would belong if they had not elected to participate in the defined contribution retirement plan,

including the earning of service credit, the reduction for early retirement, and credit granted pursuant to section 71-02-03-01.

History: Effective July 1, 2000.

General Authority: NDCC 54-52.1-03.2(1)(b)

Law Implemented: NDCC 54-52.1-03.3, 54-52.6-02